

Madam Chair, members of the committee, my name is Dirck Clark and I am the Chief Development Officer for Heartland Health in St. Joseph Missouri. I appreciate the Committee's interest in the effect of health insurance on small business and this opportunity to offer testimony.

St. Joseph is a town of 76,000 located in Northwest Missouri, an hour north of Kansas City and two hours South of Omaha. Heartland is comprised of the only hospital in St. Joseph, a small rural insurance company, and a medical group practice of 110 physicians. Heartland is the only tertiary hospital between Kansas City, Omaha, and Des Moines.

Like many hospitals in rural areas, Heartland is the largest employer in town. It is in that role, as an employer, that I am here today. 51% of our total expenses are related to labor costs, and of that 10% goes to health insurance.

Through our insurance company, we have a great understanding of the effect health status has on health care costs and insurance rates. We have a team that works with local employers to help them keep their health care costs down."

My main focus today is on this subject of individual responsibility and the role an employer can have in helping improve employee health, ultimately impacting healthcare expenses.

With our own employees at Heartland we have implemented some ambitious programs to help employees with their health status, and at the same time given incentives as a reward for helping keep healthcare costs down. Some examples would be the following:

- If you are a Heartland employee and on our insurance program and are injured in a car accident without a seatbelt, we will only pay 60% of the costs. Missouri has a mandatory seat belt law.
- Like many other businesses, we offer a 10% health insurance differential incentive for employees who choose not to use tobacco products. We also offer smoking cessation classes for free to our employees, along with reimbursement for smoking cessation products.
- This year, based on research showing increased medical costs for those whose body mass index, or BMI, above certain benchmarks, we started a program to offer a premium discount for a lower BMI. If you are a Heartland employee, on our insurance, and have a BMI below 35 you receive a premium discount of 10%. In this first year, if an employee has a BMI above 35 and wants to improve, we will offer the premium discount if they agree to participate in wellness programs. In order to help employees earn this benefit we have built an on-site fitness center that is free to employees and spouses. Along with the fitness center we offer free classes in weight loss, nutrition, stress management, exercise to name a

- few. Our hope is to break ground on a daycare that will allow employees to exercise after or before work, and have their children near by.
- This first year the BMI threshold is a 35. However, each year the BMI threshold will be decreased until it reaches 29. Our goal is to work with employees to help them stay below this threshold as it decreases.
 - The result this has been that 92% of eligible employees signed-up for the benefit, 84% of those who signed-up earned the discount outright, and 12% are earning the discount through their participation.
 - As this is the first year of the BMI incentive program, we don't yet have trend data showing it's impact. However, the effect of these programs has been a dramatic increase in participation in self-help programs and a fitness center that is nearing capacity within four of it being opened. When the fitness center opened, as you would guess, it was populated primarily with employees who were already in good physical condition and enjoyed exercise. What we are finding now it more employees showing up to exercise and participate who have higher BMIs. Our hope is that we can continue to working together with our employees to improve their overall health risks, and keep them under the BMI insurance threshold as it decreases.

My hope that as you look at the health insurance challenges for small business that you also look at programs that provide workers incentives to improve their health and help keep healthcare costs down.

I will submit my full testimony for the record. Thank you for the opportunity to testify.